

FISCAL NOTE

SB 1226 - HB 2124

February 28, 2005

SUMMARY OF BILL: Requires the state to make contributions on behalf of retired state employees for Medicare supplemental insurance based on length of service. For retirees with 30 or more years of service, the contribution shall equal 80% of the cost of the premium. For retirees with 20 years of service but less than 30 years of service, the contribution shall equal 70% of the cost of the premium. For retirees with 10 years of service but less than 20 years of service, the contribution shall equal 60% of the cost of the premium. Retirees with less than 10 years of service may participate but no contribution will be made on such retiree's behalf.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds \$20,000,000

Assumptions:

- Contributions made on behalf of retired school teachers are the same as other retired state employees.
- Current contribution levels are \$20 for retirees with 15 up to 20 years of service, \$30 for retirees with 20 up to 30 years of service, and \$40 for retirees with 30 or more years of service.
- Current contributions estimated to total approximately \$7,829,000.
- Estimated increase in state expenditures resulting from contribution level increases proposed in this bill for retirees with a minimum of 15 years of service would be approximately \$19.4 million (Does not include retirees with 10 to 15 years of service).
- Adjusting for the additional retirees, ones with more than 10 years of service but less than 15 years of service, would result in increased expenditures by up to an additional 20%.
- Adjusted increase in state expenditures is estimated to be exceed \$20.0 million (\$19.4 million + 20% for additional retirees = \$23.2 million).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director